

Economic Impact of Federal Government Programs

FEDERAL Government programs, as detailed in current and requested appropriations, provide a major expansionary force in the 1952 economy. This upward trend is a continuation of the movement so sharply pronounced over the past year-and-a-half. Of the \$60 billion increase at annual rates in the value of the gross national product from mid-1950 to the final quarter of 1951, defense expenditures accounted directly for almost half, or about \$29 billion. About one-eighth of the national product during 1951 as a whole went for Federal purchases of goods and services as compared with 9 percent on the average in the 1946-50 period. Government procurement was also a major influence behind the vast expansion in basic industrial facilities, which is currently being made at record rates.

Defense 14 cents of output dollar

That the defense program has been a driving force behind the increase in gross national product since Korea is apparent from a few figures. Direct defense spending increased from

defense purchases, more than accounted for the total increase in Federal purchases of goods and services during this period.

An increasing share of the gross national product has been directed to the defense program. By the fourth quarter of 1951, national defense was taking about 12½ cents of the national product dollar as compared with 11 cents during 1951 as a whole. (See preceding chart.) Some appreciation of the actual magnitude of this total may be had from the fact that defense spending was almost equal to all retail sales of food for home consumption. If the various foreign economic aid programs are added to the national defense expenditures, the combined total amounted to an annual rate of almost \$45 billion in the fourth quarter of 1951.

Preliminary estimates indicate a \$4 billion increase in defense spending at annual rates from the fourth quarter of 1951 to the first quarter of 1952. Thus, the buildup in military strength is now taking nearly 14 cents of our national product dollar, and is scheduled to rise further both in total and as a proportion of aggregate output.

Indirect impact of defense orders

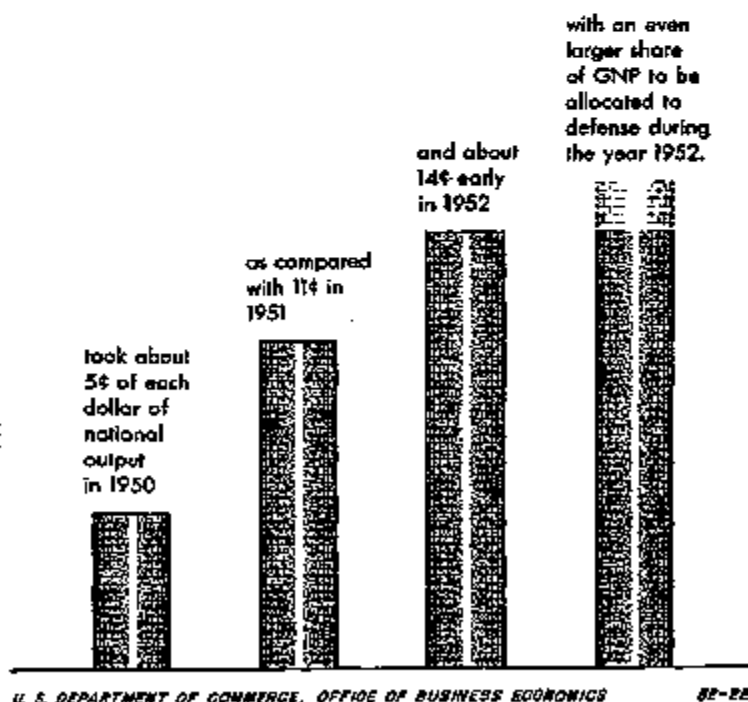
The volume of direct defense spending is not a full measure of the over-all impact of the defense program on the economy. The expansionary effects of the order placements for defense procurement items since Korea over and above the \$41 billion of direct defense spending through the fourth quarter of 1951 have been great. This backlog of defense orders not only foreshadows future increases in defense spending, but has provided the basis for increases in fixed investment and business inventories. Thus, in addition to the backlog of orders, plant and equipment outlays associated with the defense program must be considered in measuring the over-all impact of the defense program.

It is impossible to indicate precisely the indirect impact of the large volume of defense orders placed by the Government, but it is suggestive that there was a \$9 billion increase (annual rate) in private outlays for producers' plant and equipment between the second quarter of 1950 and the fourth quarter of 1951. A major portion of this increase was associated either directly or indirectly with the build-up in military strength. This increase in fixed investment, in itself, represents partial completion of one of the fundamental goals of the present mobilization program: to provide the broad industrial basis for rapid expansion in output to meet larger total munitions demands in case they should eventuate.

Private purchases maintained

A combination of several factors has tended to ameliorate the distorting effects of a Government program of this magnitude upon the private economy. Most important, was the fact that the increase in defense outlays through the fourth quarter of 1951 was accomplished largely out of an

National defense purchases...

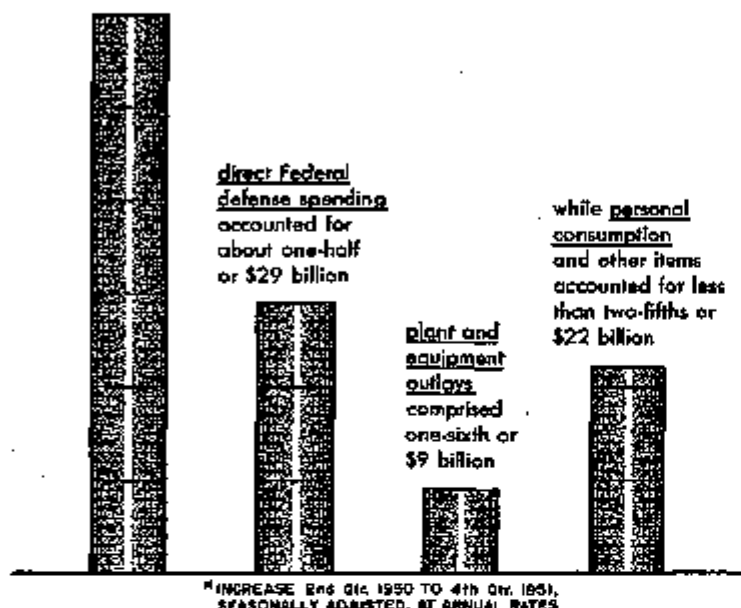


\$12 billion at annual rates in the second quarter of 1950 to \$41 billion at annual rates in the fourth quarter of 1951. This \$29 billion increase, because of some decline in non-

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increase in national output, rather than at the sacrifice of product for private investment or personal consumption. Despite special material scarcities, residential construction

OF the TOTAL INCREASE* in the value of national output since Korea amounting to \$60 billion



U.S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

32-21

and other private nondefense investment—though being gradually reduced—remained at high levels last year. Personal consumption in real terms was as high in 1951 as in 1950 and could have been even higher had it not been for the change in consumer spending patterns which occurred during 1951. This resulted in a significant increase in the rate of personal saving.

The composition of the current dollar change in gross national product from the second quarter of 1950 to the last quarter of 1951 is made clear in the chart above.

Munitions proportion rising

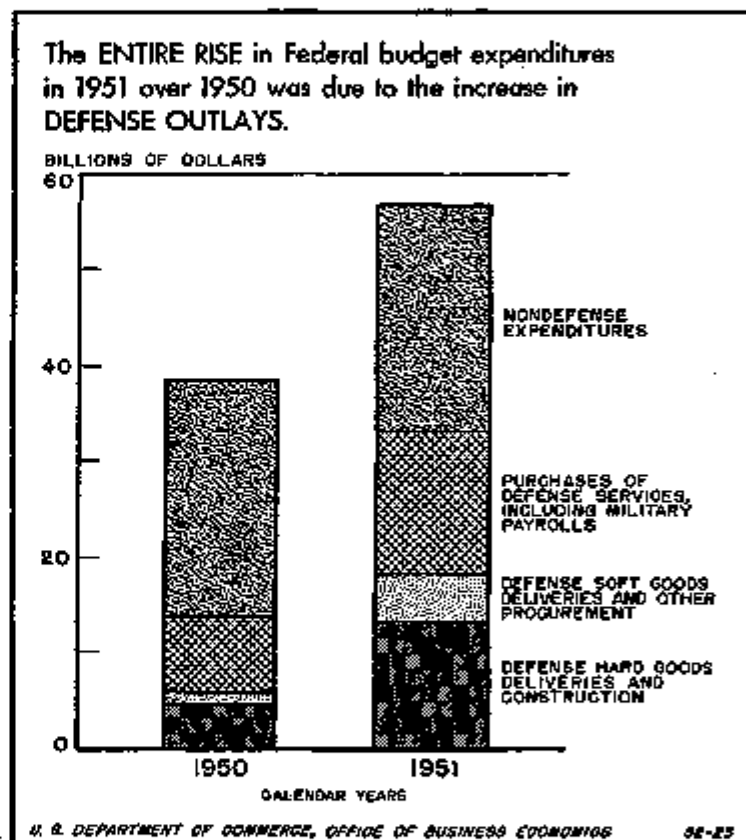
The initial phases of the military expansion program, in the late months of 1950, involved a rapid increase in military and civilian pay rolls, transportation costs, and other service expenditures, and in purchases of civilian-type procurement items. These expenditures accounted for more than half of the \$19 billion increase in defense spending from calendar 1950 to 1951. However, by the end of 1951, the size of the armed forces was rapidly approaching the statutory limit while the number of classified employees in most defense agencies had already reached the programmed totals. Further increases in the purchases of services and subsistence and clothing items, therefore, are expected to be moderate.

The Defense Department has placed with private industry a huge total of orders for military hard goods—planes, weapons, ships, transportation equipment, etc.—and deliveries against these orders have expanded steadily. Despite the long lead times involved in increasing output of many intricately fabricated munitions, deliveries of hard goods amounted to over \$10 billion during 1951, or about three times the amount of similar deliveries in 1950.

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If the value of military construction put in place is added to such end-product deliveries, the total increased from less than \$5 billion in 1950 to about \$13 billion in 1951. These items comprised nearly two-fifths of total defense spending in 1951. (See chart below.)

Although hard goods deliveries tripled between 1950 and 1951, this category will continue to show a large expansion for an extended period. Machine tool bottlenecks, improvements in design, and other elements always present in the initial phases of such a program have all constituted obstacles to be overcome before maximum production could be achieved. By the end of 1951, the machine tool, design and operating problems were being overcome, though many complexities still existed in balancing present needs against future contingencies and later improvements. By the last quarter of 1951 deliveries of hard goods were up to an annual rate of \$15 billion with a steady future rise in prospect.



32-23

Defense accounted for three-fifths of Federal budget expenditures in 1951. If other war and related expenditures such as veterans' benefits, foreign economic aid, and interest on the Federal debt are added to the direct defense spending, expenditures for past and present wars took over four-fifths of Federal budget expenditures in 1951.

Available funds foreshadow rising output

The maximum impact of actual defense outlays upon the economy is still ahead, and the expanding procurement program will add greatly to both our actual military strength in being and our economic potential to supplement this at a rapid rate, if necessary. The general picture is clear from the chart on page 10, which shows the status of the \$150 billion of funds available at the beginning of calendar year 1952 or requested from Congress for fiscal year 1953.

Congress has made available since June 1950 over \$130 billion for the military functions of the Defense Department, foreign military aid, the atomic energy program, stockpiling of strategic materials, and other defense-supporting activities. By the end of 1951, the various agencies participating in the defense effort had obligated about \$83 billion of this total, of which \$54 billion represented orders for procurement of goods.

Total defense expenditures through the end of 1951 for services performed, delivered procurement items, and progress payments for work put in place on the undelivered items, amounted to \$41 billion, or less than half of the commitments for defense purposes. Thus, about \$90 billion of the 1951 and 1952 appropriations for national defense remained unexpended as of the beginning of calendar year 1952.

In the Budget of the United States for Fiscal Year 1953, the President recommended additional new obligational authority of \$60 billion for defense purposes for the coming fiscal year. This represents more than three-fourths of the total new obligational authority recommended for all operations of the Federal Government for fiscal 1953. Although this is actually about \$9 billion less than the amount made available for defense purposes by Congress for fiscal year 1952, it should not be interpreted as a downward revision in the over-all goals of the defense program, since it must be considered in conjunction with the carry-over.

The carry-over of funds unexpended as of January 1, 1952 plus the requested appropriations for fiscal 1953 aggregate \$150 billion. If Congress approves the requested 1953 appropriations, this amount will be available for the continued upbuilding of the armed forces. This total does not take into account presently planned expenditures beyond fiscal year 1953, which will not require appropriations until later.

Procurement three-fourths of \$150 billion

Of this \$150 billion, procurement items will account for about \$110 billion and pay rolls and other services for \$40 billion. With \$35 billion of procurement items already ordered, \$75 billion remains for placement of new procurement orders after January 1st of this year. Funds uncommitted at the end of fiscal 1953 are expected to be less than \$10 billion, so that new procurement orders during the 18 months ending with June 1953 should exceed \$65 billion. Actual orders placed during the preceding 18 months amounted to \$54 billion. Actual expenditures for defense procurement will, of course, show a much sharper relative rise than orders between the two periods.

The detailed schedules now being worked out in accordance with the policy directives of the Department of Defense and the Munitions Board in late January and February take into account production and design difficulties still ahead. Together with current military manpower goals, the new procurement schedules are expected to indicate a rise in total defense expenditures from the end of 1951 to the end of 1952 not far from the \$20 billion increase recorded during the course of 1951. Since, in contrast to last year, nearly all of this increase would be in hard goods, achievement of an equally large dollar expansion in 1952 may prove more difficult. The quarterly trend of purchases may, nevertheless, be expected to move steadily upward.

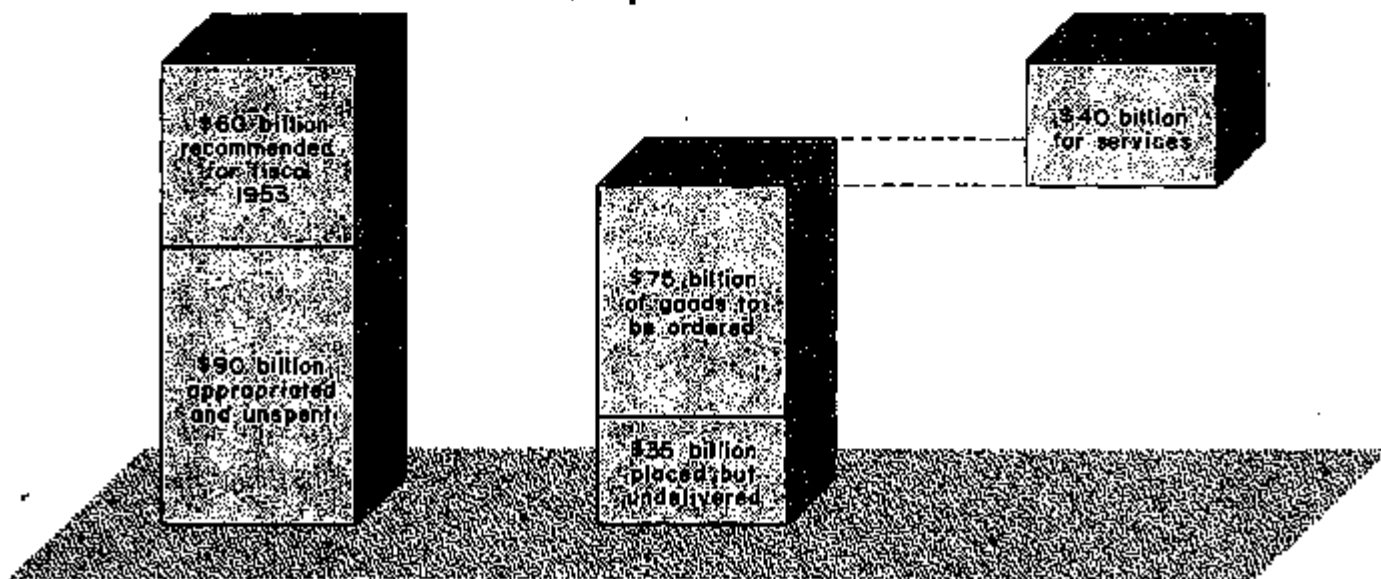
The impact of an increase of the order of \$20 billion upon the private economy depends upon the rate at which national product can be increased during the year, and the demand arising from the private economy for both capital formation and consumption goods.

The increase in total output in 1952 over 1951 is not likely to be so large as the 8 percent rise from 1950 to 1951, for

DEFENSE EXPENDITURES
OF \$150 BILLION are
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and recommended fiscal
1953 appropriations . . .

of which \$110 billion are
for PROCUREMENT
ORDERS already placed,
but undelivered, or yet
to be placed . . .

and \$40 billion for
payrolls and other
services.



the reason that there are fewer unutilized resources now than there were a year or so ago. Many industries are already operating at capacity; there are limitations of supplies of basic metals, particularly copper; and demand for housing and other durable goods is being limited by credit restrictions imposed for the purpose of restricting private demand. National output can increase further to meet a portion of the increased military requirements, but by the end of the year it is probable that direct defense spending will take roughly one-fifth of national output.

Recent trends in Federal revenues and surplus

With the expenditure trend sharply upward, the budget prospects hinge upon the size of the revenue flow. Revenues have moved upward as a result of two major influences—expanding income which has increased the yield of existing taxes, and the large increase in tax rates.

During the calendar year 1951, budget receipts increased by \$16 billion, or 42 percent, from 1950. Despite this large increase, budget expenditures exceeded receipts by \$3 billion.

For analysis of the current impact of Federal fiscal policy upon the economy, it is convenient to analyze Federal receipts and expenditures in terms of the national income and product accounts rather than the administrative budget. This brings out the importance of the different types of Government revenue and expenditures.

Table 1.—Federal Receipts, Expenditures, and Deficit or Surplus
Calendar Years 1950 and 1951

(Billions of dollars)

Item	1950	1951
Income and product account:		
Receipts.....	50.5	67.6
Expenditures.....	41.1	58.7
Surplus (+) or deficit (-).....	9.4	8.9
Cash statement:		
Receipts.....	42.5	59.3
Expenditures.....	42.0	58.0
Surplus (+) or deficit (-).....	.5	1.3
Administrative budget:		
Receipts.....	37.6	53.5
Expenditures.....	38.3	56.8
Surplus (+) or deficit (-).....	-.7	-3.3

Source: U. S. Department of Commerce, Office of Business Economics.

At the present time the main practical difference between these two concepts is that Federal tax and nontax payments by business in the income and product accounts are measured on an accrual basis, whereas administrative budget receipts (like the cash statement) are on a collections basis. A second important difference is that the surplus of social insurance funds is included in the Government surplus in the income and product accounts (and in the cash statement) but not in the administrative budget. Other but less important differences between these concepts are made clear in the appendix.

Federal tax and nontax liabilities (with business taxes on an accrual basis) rose by approximately \$19 billion to \$69 billion from calendar 1950 to calendar 1951. Thus, Federal receipts on the income and product accounts represented one-fifth of total gross product in 1951, a slightly higher proportion than during World War II. Cash receipts, at a considerably lower level, rose from \$42 billion to \$59 billion.

The difference was largely due to the lag in collections of direct taxes on corporations behind the accruals as reflected in the income and product accounts. Administrative budget receipts, which do not include trust fund collections, were around \$5 billion below cash receipts. Thus, the surplus

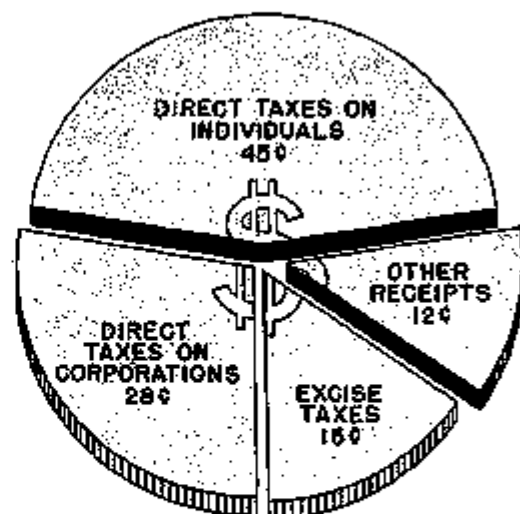
on the income and product account was large in both 1950 and 1951; it was small on a cash basis, and the conventional budget accounting shows a deficit. Table 1 shows the comparison.

For purposes of economic analysis, the surplus on income and product account is the most significant and convenient to deal with since it is consistent with Commerce Department data for private savings. In spite of this large surplus, the economy was subjected to inflationary pressure which can be traced to two not unrelated sources: (1) to the quarterly trend of the Government position—from surplus toward deficit; and (2) to what happened in the private sector of the economy, where Government orders and expectations of future Government expenditures induced large increases in spending. What happened in domestic markets was, as the analysis of our international balance of payments reviews in this number and the February issue makes clear, duplicated in foreign markets where inflationary trends have also been apparent. The experience of the past 2 years clearly demonstrates the necessity of assessing the economic impact of the Federal Government both directly and indirectly, the latter frequently—as at present—being a more difficult task.

All major sources contribute to revenue rise

Federal budget receipts increased by \$16 billion from calendar year 1950 to 1951, equivalent to about one-third of the total increase in gross national product during the year. These receipts were equal to 16 percent of national output in 1951 as compared with 13 percent in 1950. This relationship is certain to be even higher in 1952 in view of the large volume of collections anticipated on the basis of 1951 and current income levels and the new tax rates.

DIRECT TAXES ON INDIVIDUALS in 1951 accounted for nearly one-half of each FEDERAL tax dollar, while corporate taxes accounted for over one-fourth.



U. S. DEPARTMENT OF COMMERCE, OFFICE OF BUSINESS ECONOMICS

52-24

All of the major tax sources contributed to this \$16 billion increase roughly in proportion to the relative importance of the various sources as revenue producers. That is, in both 1950 and 1951, collections of direct taxes on individuals accounted for almost half of the total receipts. (See chart above.) Direct taxes on corporations, which increased slightly relative to the total during the year, accounted for

somewhat more than one-fourth in 1951. However, a significant increase in the relative importance of direct taxes on corporations is expected for 1952 in view of the fact that corporations will commence payment on the larger 1951 tax liabilities in the first quarter.

Direct taxes on individuals took almost 11 cents of each dollar of personal income in 1951, but still slightly less than the peak proportion in effect during World War II. This 11 cents tax-take of each dollar of 1951 personal income, however, is to be compared with 8½ cents in 1950 and 1 to 2 cents during the period from 1929 to 1941.

The increment in personal tax collections from 1950 to 1951 was a substantially higher percentage of the increment in personal income than the average rate in effect during these 2 years. Of each dollar of increase in personal income from 1950 to 1951, 31 cents went for direct Federal taxes. It is to be noted that despite this high tax increment from 1950 to 1951, personal saving increased by almost \$7 billion as individuals reduced their expenditures at a time when their total income was still rising. It is not possible to assess the effects of rising taxes on this spending pattern, as other major influences were likewise at work.

Increased collections from direct taxes on corporations accounted for about one-third of the total increase in Federal budget receipts between 1950 and 1951. In both years, such collections, which were based on prior-year liabilities, fell far below tax liabilities on current-year income, as both corporate profits before tax and the tax rates applied to them were moving up. Although corporate profits before taxes increased by \$3 billion from 1950 to 1951, corporate profits after current-year Federal tax liabilities declined by almost one-fifth during the year. This resulted from the \$7 billion increase in collections from direct taxes on corporations. On an accrual basis, direct Federal taxes took 58 cents of every dollar of corporate profits before taxes in 1951 as compared with 43 cents in 1950.

As a result of increases in the regular tax rates on corporate profits and enactment of the excess profits tax since mid-1950, Federal corporate profits tax accruals took almost one-tenth of national income in 1951, the largest proportion during the entire period 1929-51. During the war years 1941 to 1945—when taxes financed less than half of Government expenditures—between 6 and 8 cents of each dollar of national income went for corporate profits tax accruals as compared with 1 to 2 cents during the period 1929-40 and 7 cents in 1950. The combined Federal and State effective tax rate on corporate profits is currently close to 60 percent.

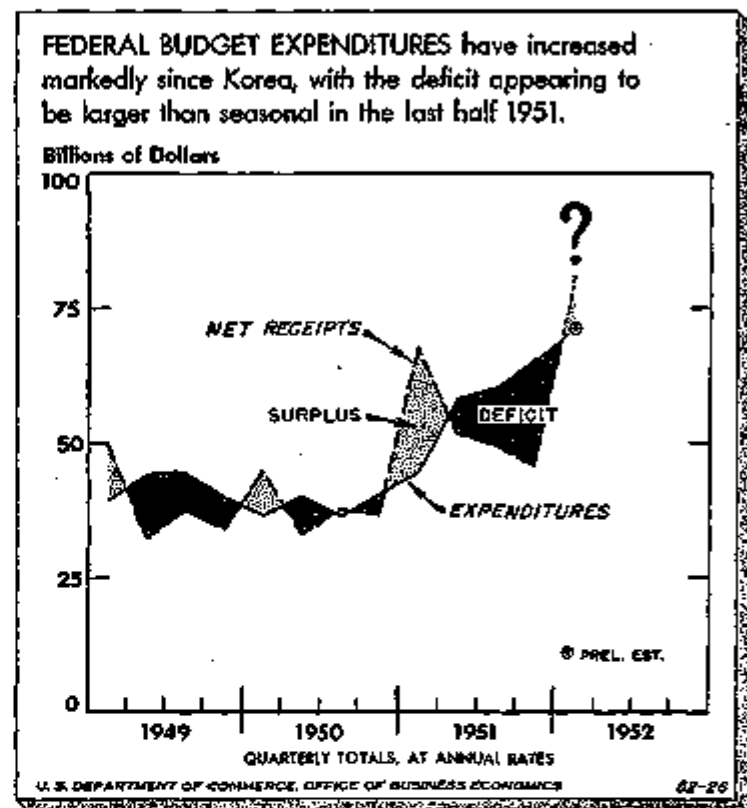
Indirect business taxes accounted for less than \$2 billion of the total \$16 billion increase in budget receipts from 1950 to 1951. Collections of such taxes, which consist chiefly of excises, accounted for about 15 percent of total budget collections in both 1950 and 1951, but some decline in the relative importance of this tax source is indicated for 1952.

Fiscal prospects for 1952

During the first half of fiscal year 1952 (July-December, 1951), budget expenditures amounted to \$31 billion while budget receipts were \$24 billion. The \$7 billion budget deficit and the \$4 billion cash deficit implied in these figures are somewhat larger than in comparable periods in recent years. They do not include, however, the large volume of receipts to be collected in the first quarter of calendar 1952 which will reflect the delayed impact of recent tax increases, the higher levels of personal and corporate income in 1951, and the further acceleration of corporate tax payments. The large seasonal increase in collections in the first quarter of this year will alter this deficit, and will give a clearer indication of the results for the entire fiscal year 1952 than

is available at present. The following chart reflects this pattern though it is not possible now to calculate the actual size of the heavy March tax payments.

Total budget expenditures for fiscal year 1952 were estimated in the Budget transmitted to Congress last January to amount to \$71 billion, with national defense and foreign economic aid accounting for over two-thirds of the total.



This estimate implied budget expenditures amounting to \$40 billion during the first half of calendar year 1952. Budget receipts were then estimated at \$63 billion, indicating an \$8 billion budget deficit in fiscal year 1952. The cash deficit for the year was estimated at \$4 billion on the basis of the excess of trust account receipts over expenditures. These estimates will be influenced by both the trend of revenues and the rate at which actual defense outlays rise during the period ending next June.

Increased deficit probable in fiscal 1953

Recommendations by the President indicate a decline of about \$9 billion in new obligatory authority for fiscal year 1953 from the \$93 billion total for fiscal year 1952. According to the Budget document, however, Federal Budget expenditures may exceed new obligatory authority in fiscal year 1953 as a result of the acceleration in defense spending from prior-year appropriations. Expenditures for national security are expected to account for about three-fourths of the estimated \$85 billion of Budget expenditures during the year, a significantly higher proportion than was the case in the two previous fiscal years.

Budget receipts in fiscal year 1953 are estimated at \$71 billion. These estimated receipts imply a Budget deficit of \$13 billion and a cash deficit of \$10 billion. To reduce this prospective deficit, the President has requested Congress to increase taxes by an amount equal to that which would have completed the program he recommended last year.

The Structure of Federal Debt

During recent years, the amount of the Federal debt outstanding has remained relatively unchanged. By the end of fiscal year 1953, however, it will have increased again on the basis of the Budget estimates, thus adding to the problem of debt management. The increasing portion of the debt which has come to be held by United States Government investment accounts since the end of World War II, and the substantial increase in the amount of short-term issues, are two noteworthy developments.

One-sixth of debt in U. S. trust accounts

While the volume of Federal debt outstanding in 1951 was the same as in 1946, the amount of debt securities held by United States Government investment accounts was \$11 billion higher. By 1951, these trust accounts held about one-sixth of the total outstanding. With business activity continuing at high levels and the scope of social security activity increasing, the trust accounts should become even more significant as holders of the Federal debt.

Whenever a surplus of trust account receipts over trust account expenditures occurs, this surplus is used to finance budget deficits and to refinance already existing debt. The fact that holdings of the trust accounts increased by about \$3 billion from 1950 to 1951 is indicative of the role they played in the financing operation during 1951.

As a result of the increased holdings of Federal debt securities by the trust accounts, and the fact that total debt remained about the same, the amount of debt privately held is about \$11 billion less than in 1946, though it has remained quite stable since 1949. Thus, the \$3 billion decline in bank holdings from 1949 to 1950 was offset by the increase in holdings by individuals and private associations. However, the reverse of this situation occurred from 1950 to 1951. During the past year bank holdings increased by \$3 billion while the debt held by nonbank private corporations and associations—mainly insurance companies—declined by about this amount.

Proportion of short-term issues

The large cash balance on hand in the Treasury at the end of World War II was used to retire short-term issues. From 1946 to 1948, further reductions in the amount of short-term debt were accomplished. In part as a result of these retirements in short-term debt, amounting to over \$35 billion between 1945 and 1948, the long-term downward trend in the computed interest rate on all interest-bearing Federal securities was reversed in 1946.

Since 1948, the portion of the Federal debt in short-term securities has again risen. Outstanding short-term issues have increased by almost \$23 billion since 1948 so that by 1951 these short-term issues accounted for about three-tenths of the total gross debt. Thus, despite the sharp increase in short-term rates, the Treasury has been able to finance and refinance the debt at a lower average interest cost than would otherwise have been possible. However, with over \$70 billion of the Federal debt in the form of short-term securities (maturities under 5 years with the bulk 1 year or less), a large portion of the debt must be refinanced each year.

From this point on, the Treasury will have to meet enlarged maturities of war savings bonds, though in the case of Series E Bonds maturing in the last 8 months of 1951, a high percentage—nearly four-fifths—has not been presented for payment. Thus, the \$1.7 billion excess of redemptions over sales of United States savings bonds during 1951, the bulk of which occurred in the early months of the year, must be traced mainly to other factors. The Treasury recently announced that it would pay an average 2.9 percent on the

face value of the matured E bonds for an additional 10 years in order to encourage bond owners to hold them rather than present them for payment when due. As a further inducement, the Treasury will pay a higher rate of interest—2½ percent—in the early years of the second 10-year period than was the case during the first maturity.

Debt and taxes related to income

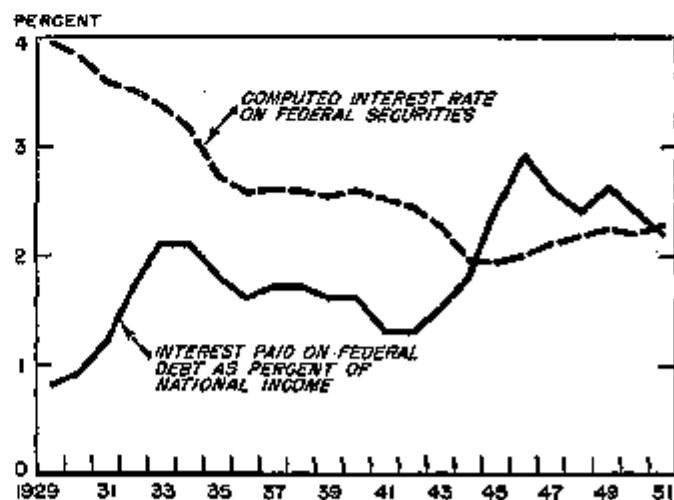
The amount of Federal taxes currently levied, and debt presently outstanding, by themselves do not provide a measure of the burden imposed by Federal Government operations. When related to a general economic measure such as the national income, the relative magnitudes involved become more meaningful. Tax burdens have, by any measure selected, substantially increased by reason of defense requirements.

Federal taxes, on the basis of either the income and product accounts or the administrative budget, represented a significantly larger proportion of the national income in 1951 than in 1950. During 1951 as a whole, Federal tax collections were about one-fifth of national income as compared with one-sixth in 1950, the first increase in tax collections relative to national income since 1945. Although this one-fifth was still below the proportion prevailing during the peak war years, it was more than triple the average tax-to-income relationship during the 1930's.

The impact of the three tax increases enacted since Korea is further indicated by the fact that the rise in Federal tax collections from 1950 to 1951 was equal to more than two-fifths of the increase in national income during the year.

On the basis of the large corporate profits tax accruals during 1951, payment of which will commence this year, and the anticipated increase in collections from individuals, Federal taxes are expected to equal about one-fourth of national income during 1952 as a whole.

Despite some increase in interest rates, INTEREST on the Federal debt declined relative to NATIONAL INCOME after 1946.



The revenue required to service the Federal debt represents one aspect of the enlarged cost of Federal operations. Some measure of the burden of interest payments is provided in the relationship of interest paid on the Federal debt to national income.

The chart above shows the changes that have occurred in interest rates and in the ratio of debt-service costs to

national income since 1929. Interest paid on the Federal debt declined as a percentage of national income between 1933 and 1942. As a result of the very large increases in Federal debt to finance the war, this percentage increased rapidly from 1.5 in 1943 to the peak value of 2.9 in 1946.

Since 1946, the burden of the debt, as measured by this relationship, has declined by about a fourth. This decline was the result of the rapid increase in national income while debt outstanding remained about the same and interest rates increased only moderately—the result, in part, of the large volume of short-term issues with lower rates than required for longer maturities. However, this latter effect was partly offset by the sharp increase in the rate on short-term issues.

APPENDIX

National income and product account definition of Federal receipts and expenditures differs somewhat from that implicit in the Federal administrative (or traditional) budget and in the Federal consolidated cash statement.

These definitions may be discussed from the viewpoint of the governmental area covered and the classification and timing of the items included in each.

Federal receipts and expenditures as shown in the administrative budget include only those of the general and special accounts of the Treasury, and the net expenditures of wholly owned Government corporations; trust account transactions, in the main, are excluded. In contrast, both the consolidated cash statement and the national income and product account also include, on a consolidated basis, the transactions of the trust accounts and, therefore, cover more completely the activities of the Federal Government.

Further departures of the national income and product account from the other two statements are due to differences in classification. In the first place, since what is desired is a consolidated current operating account, the capital transactions of the Government are excluded from the national income and product account. Secondly, revenues and expenditures are subdivided into classifications necessary for national income purposes. These are, for receipts: direct personal tax and nontax receipts, direct taxes on corporate income, indirect business tax and nontax accruals, and contributions for social insurance; and for expenditures: purchases of goods and services, transfer payments, grants-in-aid to State and local governments, net interest paid, and subsidies less current surplus of Government enterprises.

The timing problem arises primarily from the need to articulate Government transactions with the corresponding payments and receipts recorded for other sectors of the economy. Since the budgetary accounts are usually on a cash basis, modifications must be made where this would differ from the accrual records maintained by private business. Thus, with reference to receipts, the most important divergence of accrual from cash timing appears in connection with business taxes—especially those on corporate profits; on the expenditure side, divergencies arise, for example, from the lag between deliveries of goods to the Federal Government and payment therefor, which may require adjustments to the level of expenditures for goods and services.

Further discussion of these differences will be found in the 1951 "National Income Supplement" to the Survey of Current Business.

The following table lists the statistical items that reconcile the three definitions of Federal receipts and expenditures. The items listed constitute adjustments either for coverage or for classification or for timing differences.

Table A.—Reconciliation of the Federal Government Account With the Consolidated Cash Statement and the Administrative Budget for Fiscal Year 1951

RECEIPTS		Billions of dollars
Income and product account:		
Personal tax and nontax liabilities.....		21.9
Corporate profits tax accruals.....		24.4
Indirect business tax and nontax liabilities.....		9.6
Contributions to social insurance.....		6.8
Equals: Federal receipts, income and product account.....		62.6
Less:		
Excess of corporate profits tax accruals over cash collections (net of refunds).....		9.8
Excess of individual income tax withholdings by employers over deposits with Treasury.....		.2
Federal contributions to employee retirement and veterans' trust accounts.....		.3
Federal employee contributions to retirement funds.....		.4
Plus:		
Sales of government property.....		.3
Proceeds of government-owned securities.....		.4
Other capital receipts.....		.8
Budgetary.....	0.5	
Trust accounts.....	.3	
District of Columbia revenues.....		.1
Statistical errors and omissions.....		— .1
Equals: Consolidated cash receipts.....		53.4
Less: Cash trust account receipts.....		5.6
Plus: Payments to the Treasury by Federal agencies and other minor adjustments.....		.3
Equals: Administrative budget receipts.....		48.1
EXPENDITURES		
Income and product account:		
Purchases of goods and services.....		20.0
Transfer payments.....		8.3
Net interest paid by the Federal Government.....		4.4
Subsidies less current surplus of government enterprises.....		1.1
Grants-in-aid to State and local governments.....		2.4
Equals: Federal expenditures, income and product account.....		46.1
Less:		
Federal contributions to employee retirement and veterans' trust accounts.....		.3
Federal employee contributions to retirement funds.....		.4
Accrued interest on savings bonds and Treasury bills.....		.6
Seasonal and other adjustments to Commodity Credit Corporation expenditures.....		.3
Increase in accounts payable to business.....		1.3
Plus:		
Major loans and net investments (excluding C. C. C.).....		1.6
Federal Government sales.....		.2
District of Columbia expenditures.....		.1
Miscellaneous capital transactions.....		.6
Statistical errors and omissions.....		.2
Equals: Consolidated cash expenditures.....		45.8
Less:		
Cash trust account expenditures.....		3.8
Clearing account for outstanding checks.....		.2
Plus:		
Noncash interest payments.....		1.0
Transfers to trust accounts and Federal employee payroll deductions for retirement.....		1.4
Other minor adjustments.....		— .3
Equals: Administrative budget expenditures.....		44.4

Note: Items will not necessarily add to totals due to rounding.

Source: U. S. Bureau of the Budget, U. S. Treasury Department, and U. S. Department of Commerce.